



## **DEPARTMENT OF TRANSPORTATION**

### **National Highway Traffic Safety Administration**

#### **Petition for Exemption from the Vehicle Theft Prevention Standard; Volkswagen Group of America, Inc.**

**AGENCY:** National Highway Traffic Safety Administration (NHTSA),  
Department of Transportation (DOT).

**ACTION:** Grant of petition for exemption.

**SUMMARY:** This document grants in full the Volkswagen Group of America, Inc.'s (Volkswagen) petition for exemption of the Audi confidential vehicle line in accordance with 49 CFR part 543, Exemption from the Theft Prevention Standard. This petition is granted because the agency has determined that the antitheft device to be placed on the line as standard equipment is likely to be as effective in reducing and deterring motor vehicle theft as compliance with the parts-marking requirements of the Theft Prevention Standard, 49 CFR part 541, Federal Motor Vehicle Theft Prevention Standard. Volkswagen requested confidential treatment for specific information in its petition. The agency will address Volkswagen's request for confidential treatment by separate letter.

**DATES:** The exemption granted by this notice is effective beginning with the 2015 model year.

**FOR FURTHER INFORMATION CONTACT:** Ms. Deborah Mazyck, Office of International Policy, Fuel Economy and Consumer Programs, NHTSA, West Building, W43-443, 1200 New Jersey Avenue, S.E., Washington, D.C. 20590. Ms. Mazyck's phone number is (202) 366-4139. Her fax number is (202) 493-2990.

**SUPPLEMENTAL INFORMATION:** In a petition dated April 9, 2013, Volkswagen requested an exemption from the parts-marking requirements of the Theft Prevention Standard (49 CFR part 541) for the new MY 2015 Audi vehicle line. The petition requested an exemption from parts-marking requirement pursuant to 49 CFR part 543, *Exemption from Vehicle Theft Prevention Standard*, based on the installation of an antitheft device as standard equipment for an entire vehicle line.

Under 49 CFR part 543.5(a), a manufacturer may petition NHTSA to grant an exemption for one vehicle line per model year. In its petition, Volkswagen provided a detailed description and diagram of the identity, design, and location of the components of the antitheft device for its Audi vehicle line. Volkswagen will install its transponder-based electronic engine immobilizer antitheft device as standard equipment on its Audi vehicle line beginning with MY 2015. Volkswagen stated that its immobilizer device is aimed to actively incorporate the engine control unit into the evaluation and monitoring process. Key components of the antitheft device will include a passive immobilizer, a warning message indicator, a transponder ignition key (key fob), an engine control unit and an immobilizer control unit. Volkswagen stated that its Audi vehicle line will also be available with an optional keyless entry and locking control, and a keyless start feature. Volkswagen stated that the keyless entry and locking control uses a transponder key that allows the doors to be locked by touching a button on the outside door handle of the vehicle door, or to be opened by touching the outside door handle when the key fob is near the door. Volkswagen also stated that its antitheft device will include an audible and visible alarm system as standard equipment. Volkswagen's submission is considered a complete petition as required by 49 CFR 543.7, in that it meets the general requirements contained in 49 CFR part 543.5 and the specific content requirements of 49 CFR part 543.6.

Volkswagen stated that the immobilizer is activated automatically after the key is removed from the ignition lock, or for the keyless system, after the key fob is removed from the vehicle (i.e., ignition off). Deactivation of the immobilizer device occurs when the ignition is turned on or the key transponder is recognized by the immobilizer control unit. The key transponder sends a fixed code to the immobilizer control unit. If this is identified as the correct code, a variable code is generated in the immobilizer control unit and sent to the transponder. A secret arithmetic process is then started according to a set of specific equations. The results of the computing process are evaluated in the control unit and if verified, the vehicle key is acknowledged as correct. The engine control unit then sends a variable code to the immobilizer control unit. If all the data matches, start-up of the vehicle is enabled. Volkswagen stated that a new variable code is generated every time the immobilizer goes through the secret computing process. Therefore, Volkswagen believes that the code is undecipherable.

Volkswagen also informed the agency that the antitheft device will also include an audible and visible alarm feature as standard equipment. When the alarm system is activated, the horn will sound and the vehicle's exterior lights will flash when unauthorized entry is attempted by opening the hood, doors or luggage compartment. The antitheft alarm system is also activated when the vehicle is locked by pressing the lock button on the remote control vehicle key. Deactivation of the alarm system is performed by opening the vehicle with the key fob, using the mechanical key in the driver's door lock cylinder or opening the vehicle using the keyless entry and locking control.

In addressing the specific content requirements of 49 CFR part 543.6, Volkswagen provided information on the reliability and durability of its proposed device. To ensure reliability and durability of the device, Volkswagen stated that the antitheft device has been

tested for compliance to its corporate requirements, including those for electrical and electronic assemblies in motor vehicles related to performance.

In support of its belief that its antitheft device will be as or more effective in reducing and deterring vehicle theft than the parts-marking requirement, Volkswagen referenced the effectiveness of immobilizer devices installed on other vehicles for which NHTSA has granted exemptions. Specifically, Volkswagen referenced information from the Highway Loss Data Institute which showed that BMW vehicles experienced theft loss reductions resulting in a 73% decrease in relative claim frequency and a 78% lower average loss payment per claim for vehicles equipped with an immobilizer. Additionally, Volkswagen stated that the proposed device is similar to the antitheft device installed on its Audi A3 vehicle line which was granted an exemption by the agency on March 13, 2009 (see 74 FR 10984). Using an average of 2 MYs' data (2010 and preliminary 2011), the theft rate for the Audi A3 vehicle line was 1.1785, which is significantly lower than the median.

Based on the supporting evidence submitted by Volkswagen on the device, the agency believes that the antitheft device for the Audi vehicle line will likely be as effective in reducing and deterring motor vehicle theft as compliance with the parts-marking requirements of the Theft Prevention Standard (49 CFR part 541). The agency concludes that the device will provide the five types of performance listed in 49 CFR part 543.6(a)(3): promoting activation; attracting attention to the efforts of an unauthorized person to enter or move a vehicle by means other than a key; preventing defeat or circumvention of the device by unauthorized persons; preventing operation of the vehicle by unauthorized entrants; and ensuring the reliability and durability of the device.

Pursuant to 49 U.S.C. 33106 and 49 CFR 543.7 (b), the agency grants a petition for exemption from the parts-marking requirements of part 541 either in whole or in part, if it determines that, based upon substantial evidence, the standard equipment antitheft device is likely to be as effective in reducing and deterring motor vehicle theft as compliance with the parts-marking requirements of part 541. The agency finds that Volkswagen has provided adequate reasons for its belief that the antitheft device for the Volkswagen Audi vehicle line is likely to be as effective in reducing and deterring motor vehicle theft as compliance with the parts-marking requirements of the Theft Prevention Standard (49 CFR part 541). This conclusion is based on the information Volkswagen provided about its device.

For the foregoing reasons, the agency hereby grants in full Volkswagen's petition for exemption for the Volkswagen Audi vehicle line from the parts-marking requirements of 49 CFR part 541, beginning with the 2015 model year vehicles. The agency notes that 49 CFR part 541, Appendix A-1, identifies those lines that are exempted from the Theft Prevention Standard for a given model year. 49 CFR part 543.7(f) contains publication requirements incident to the disposition of all part 543 petitions. Advanced listing, including the release of future product nameplates, the beginning model year for which the petition is granted and a general description of the antitheft device is necessary in order to notify law enforcement agencies of new vehicle lines exempted from the parts-marking requirements of the Theft Prevention Standard.

If Volkswagen decides not to use the exemption for this line, it must formally notify the agency. If such a decision is made, the line must be fully marked according to the requirements under 49 CFR parts 541.5 and 541.6 (marking of major component parts and replacement parts).

NHTSA notes that if Volkswagen wishes in the future to modify the device on which this exemption is based, the company may have to submit a petition to modify the exemption.

part 543.7(d) states that a part 543 exemption applies only to vehicles that belong to a line exempted under this part and equipped with the anti-theft device on which the line's exemption is based. Further, part 543.9(c)(2) provides for the submission of petitions "to modify an exemption to permit the use of an antitheft device similar to but differing from the one specified in that exemption."

The agency wishes to minimize the administrative burden that part 543.9(c)(2) could place on exempted vehicle manufacturers and itself. The agency did not intend in drafting part 543 to require the submission of a modification petition for every change to the components or design of an antitheft device. The significance of many such changes could be *de minimis*. Therefore, NHTSA suggests that if the manufacturer contemplates making any changes, the effects of which might be characterized as *de minimis*, it should consult the agency before preparing and submitting a petition to modify.

Dated: July 29, 2013.

Christopher J. Bonanti  
Associate Administrator for  
Rulemaking

[Signature page, Grant of Petition for Exemption, 2015 VW AudiConfidential]

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**Authority:** 49 U.S.C. 33106; delegation of authority at 49 CFR 1.50.

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